

# Quarterly Investment Report



For the Period Ending  
February 28, 2007

Prepared by  
Financial Services Department



JOHN COOK  
MAYOR

Joyce Wilson  
CITY MANAGER

CARMEN ARRIETA-CANDELARIA  
CHIEF FINANCIAL OFFICER



CITY COUNCIL  
ANN MORGAN LILLY, DISTRICT 1  
SUSANNAH M. BYRD, DISTRICT 2  
J. ALEXANDRO LOZANO, DISTRICT 3  
MELINA CASTRO, DISTRICT 4  
PRESI ORTEGA, JR., DISTRICT 5  
EDDIE HOLGUIN JR., DISTRICT 6  
STEVE ORTEGA, DISTRICT 7  
BETO O'ROURKE, DISTRICT 8

## FINANCIAL SERVICES DEPARTMENT

March 14, 2007

To: Joyce Wilson, City Manager  
Through: William Studer, Deputy City Manager  
Carmen Arrieta-Candelaria, Chief Financial Officer  
From: Blanca B. Lorkowski, Treasury Services Coordinator  
Subject: Quarterly Investment Report for the Period Ending February 28, 2007

Submitted for your review and acceptance is the City of El Paso second quarter investment report including documentation of investments held and evaluation of investment performance. The Investment Officers have complied with the Public Funds Investment Act, the City's Investment Policy, and adopted Investment Strategies. All funds were invested to meet cash flow requirements for operations, capital projects, and debt service payments.

During this quarter the City bid two investments. The investments were made to satisfy a portfolio diversity requirement and to take advantage of the superior yield in the market. Daily available cash was placed into investment pools which outperformed the interest-bearing accounts. The five investment pools used by the City – TexStar, TexPool, Logic, Wells Fargo and MBIA – had an average yield of 4.957% for the quarter ended February 28, 2007.

The following is a summary comparison of selected information as of November 30, 2006 and February 28, 2007:

	2nd Quarter 2007 February 28, 2007	1st Quarter 2007 November 30, 2006
Principal Invested	\$215,188,687.35	\$127,850,094.84
Portfolio Book Value	\$214,611,745.56	\$127,607,982.20
Portfolio Fair Value	\$214,611,745.56	\$127,607,982.20
Weighted Average Maturity	27 Days	61 Days

**El Paso**  
Make History on the Texas Border.

The yields on portfolio investments and representative market securities are:

	February 28, 2007
Investment Pools	4.957%
U. S. Agency Securities	4.300%
Average 3-month T-bill Rate	5.080%
Average 6-month T-bill Rate	4.801%
Average 6-month CD Rate	5.332%
City Average Portfolio Yield	5.841%

Attached are additional charts and tables portraying the City's portfolio and summarized reports of portfolio position required by the Texas Public Funds Investment Act.

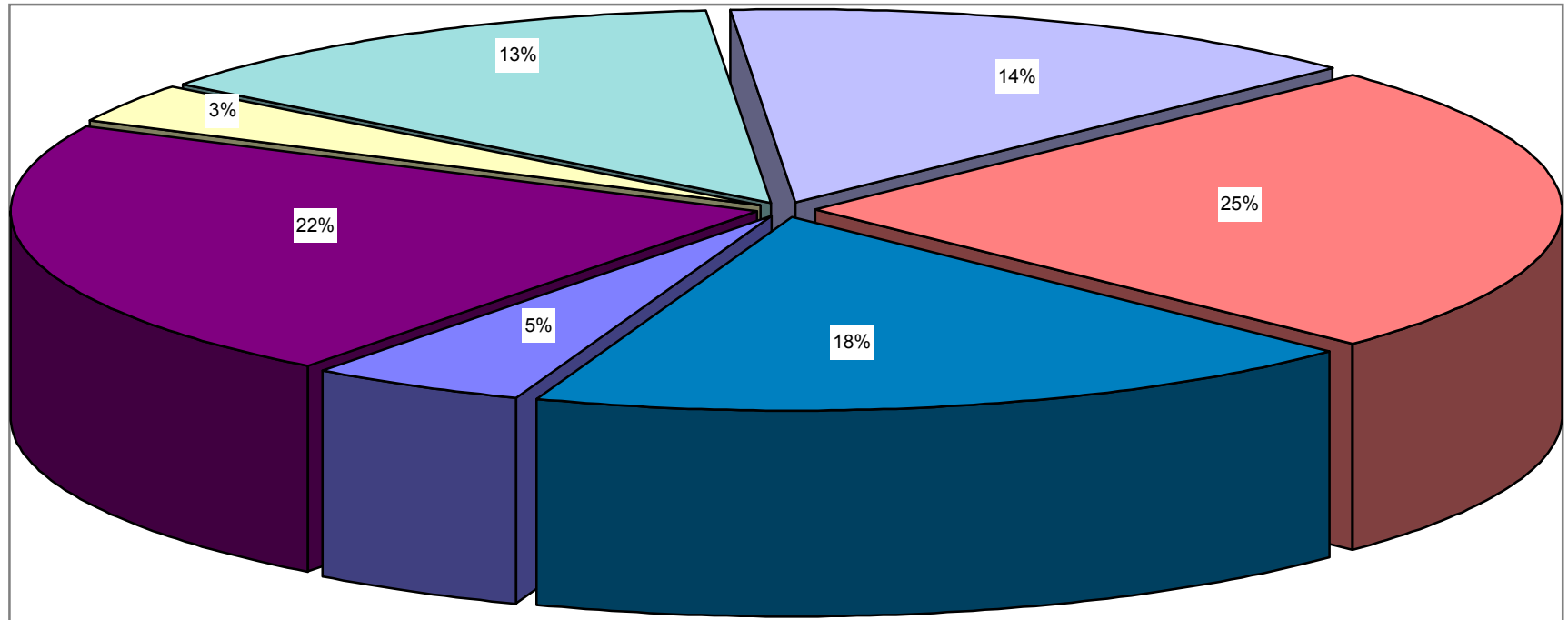
The change in the average portfolio yield for the quarter was 61.70 basis points higher at the end of quarter compared to the beginning of the quarter. This increase is due to the increase in the yields of the investment market in general. The City's current average portfolio yield was higher than the 3-month T-bill rate over the same period by 76.10 basis points.

c: Mayor John Cook and Council Members  
City Clerk

ATTACHMENTS:

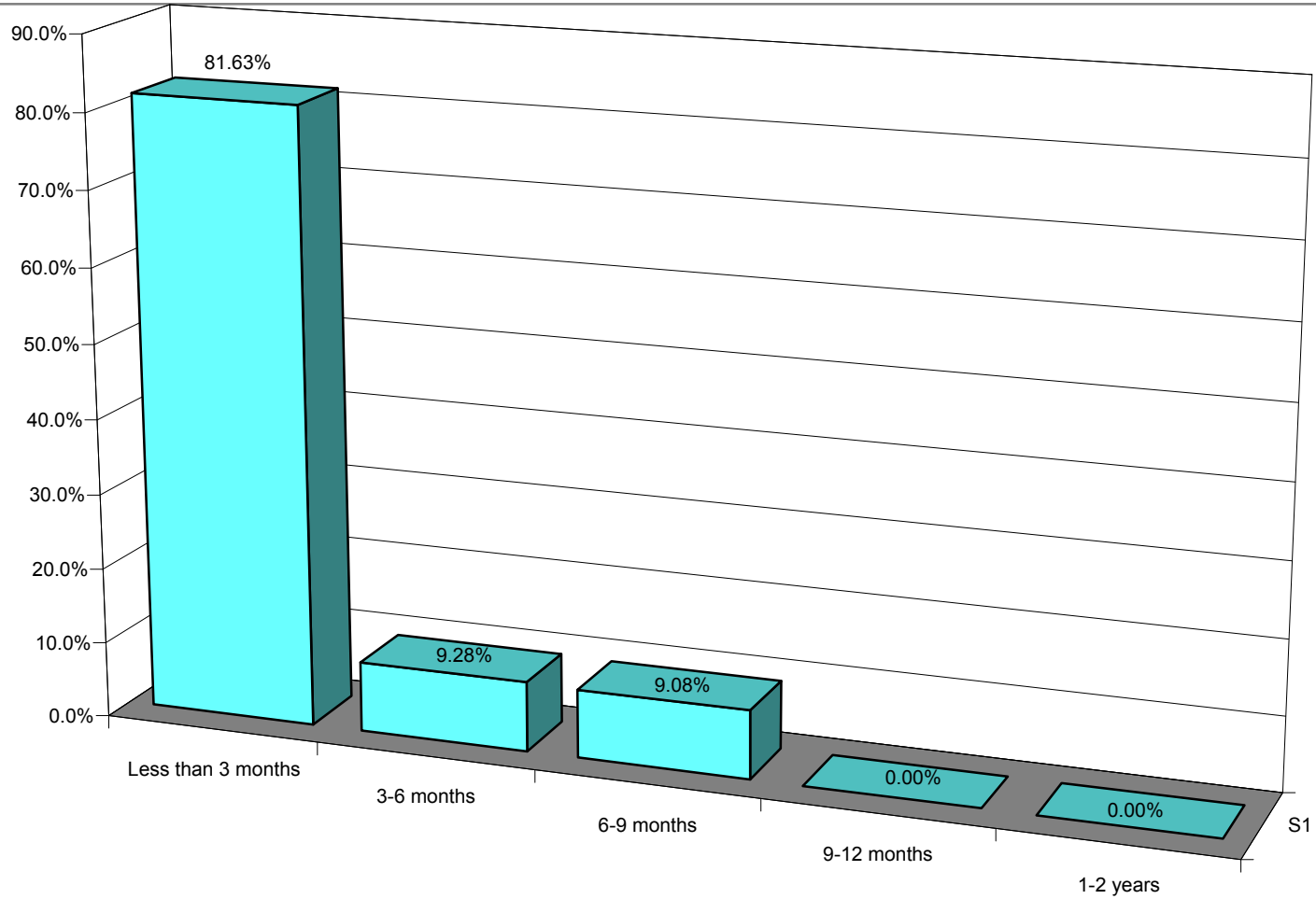
- Chart - City Portfolio by Investment Type
- Chart - Portfolio Maturity
- Chart - Treasury Benchmark Yield Analysis
- Chart - Portfolio Performance Comparison
- Report - Total Return
- Report - Texas Compliance Summary
- Report - Texas Compliance Details

City Portfolio by Investment Type  
As of February 28, 2007



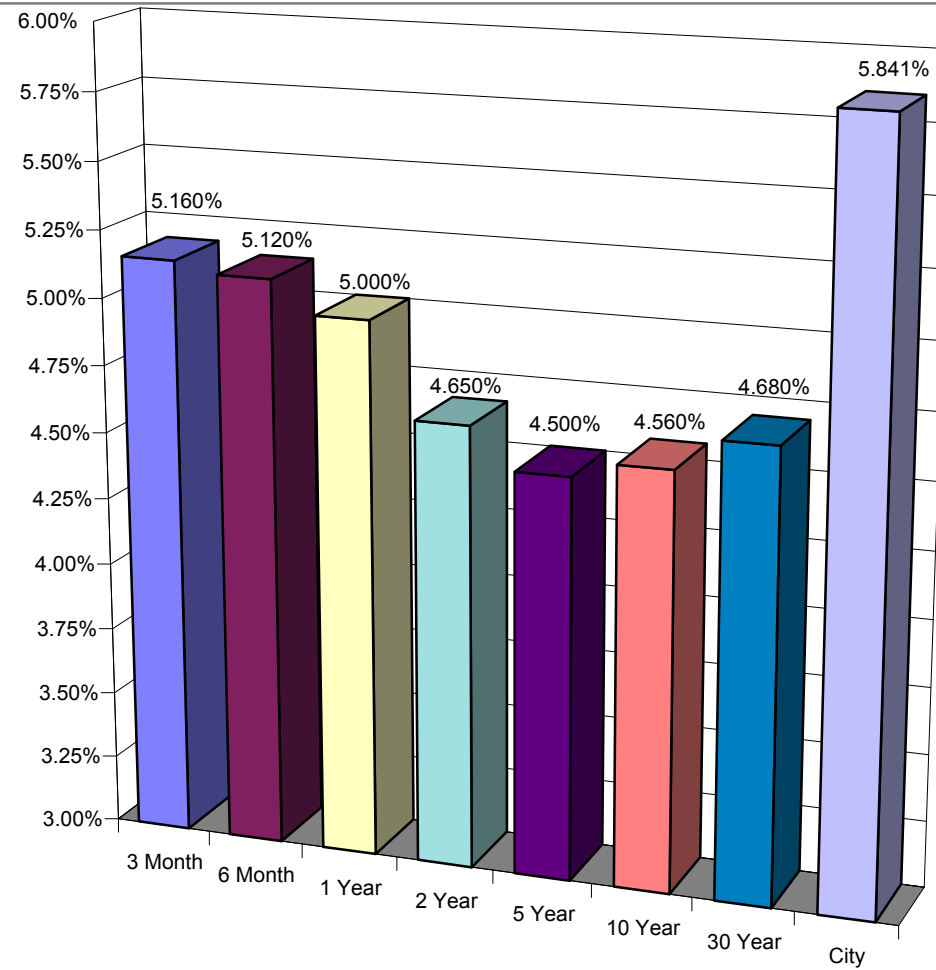
- MBIA
- Wells Fargo-City
- Wells Fargo-PFC
- Logic Investment Pool
- Texpool Investment Pool
- Texstar Investment Pool
- Agency Notes

**Portfolio Maturity**  
**As of February 28, 2007**

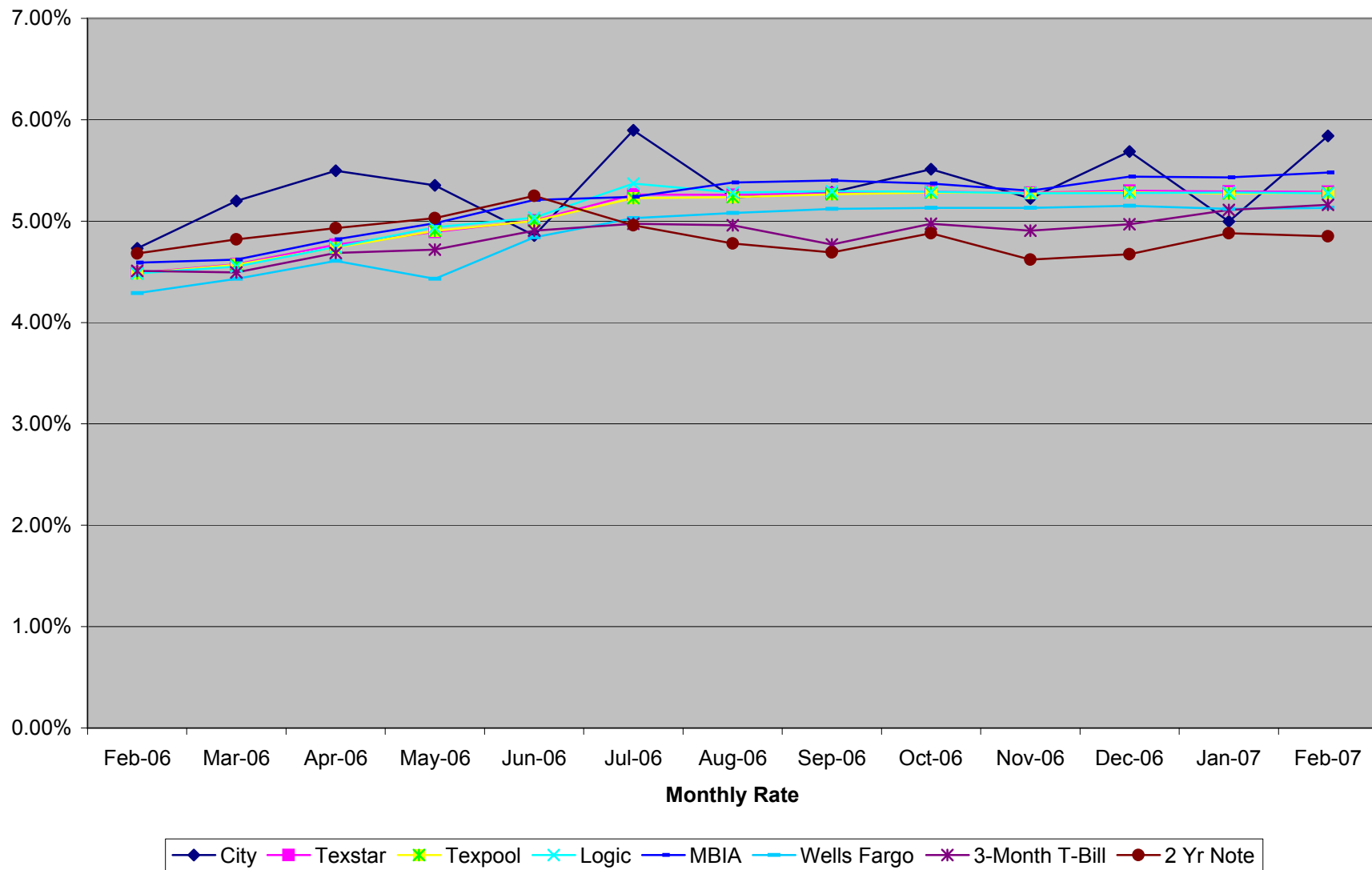




**Treasury Benchmark Yield Analysis**  
**As of February 28, 2007**



**Portfolio Performance Comparison for the Period February 2006 through February 2007**





**City of El Paso**  
**Total Return**  
**December 1, 2006 - February 28, 2007**  
**Yield on Time Weighted Value**

										Investment Income		
CUSIP	Investment #	Fund	Investment Class	Beginning Invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Interest Earned	Adjustment in Value	Net Investment Income
Issuer: Federal Home Loan Bank												
3133X2P41	511000046	01	Amortized	19,859,898.99	19,859,898.99	19,926,262.63	06/11/2007	3.280	4.704	164,000.00	66,363.64	230,363.64
			Subtotal	19,859,898.99	19,859,898.99	19,926,262.63			4.704	164,000.00	66,363.64	230,363.64
Issuer: Federal National Mortgage Assn												
313589U76	510000052	01	Fair Value	9,732,522.22	2,811,617.53	0.00	12/27/2006	5.410	5.636	39,069.79	0.00	39,069.79
31359MYS6	5110047	01	Amortized	39,937,058.16	39,493,313.07	0.00	02/28/2007	4.000	4.617	386,666.67	62,941.84	449,608.51
313396KY8	510000053	01	Amortized	0.00	216,600.00	19,496,795.58	08/28/2007	5.032	5.234	0.00	2,795.58	2,795.58
			Subtotal	49,669,580.38	42,521,530.60	19,496,795.58			4.688	425,736.46	65,737.42	491,473.88
Issuer: Logic Investment Pool												
746000749	5010000007	01	Fair Value	37,614.85	11,472,654.76	28,186,895.42		5.280	9.293	262,899.04	0.00	262,899.04
	5010000008	01	Amortized	0.00	0.00	0.00				0.00	0.00	0.00
			Subtotal	37,614.85	11,472,654.76	28,186,895.42			9.293	262,899.04	0.00	262,899.04
Issuer: MUNICIPAL INVESTORS SVC CORP.												
TX0103050001	501000007	01	Fair Value	32,610.62	6,812,201.44	10,122,337.81		5.330	10.552	177,240.33	0.00	177,240.33
			Subtotal	32,610.62	6,812,201.44	10,122,337.81			10.552	177,240.33	0.00	177,240.33
Issuer: TEXPOOL Investment Pool												
071031111000	5020000007	01	Fair Value	17,408.99	15,712,025.65	30,221,777.88		5.280	8.416	326,047.04	0.00	326,047.04
			Subtotal	17,408.99	15,712,025.65	30,221,777.88			8.416	326,047.04	0.00	326,047.04
Issuer: Texstar												
746000749	5030000007	01	Fair Value	50,008.05	20,770,582.78	52,320,958.30		5.290	8.782	449,768.24	0.00	449,768.24
			Subtotal	50,008.05	20,770,582.78	52,320,958.30			8.782	449,768.24	0.00	449,768.24
Issuer: Vista Investment Pool												
608352	5060000007	01	Amortized	0.00	0.00	0.00		0.836		0.00	0.00	0.00
332150	5060000008	02	Amortized	0.00	0.00	0.00		2.350		0.00	0.00	0.00
			Subtotal	0.00	0.00	0.00				0.00	0.00	0.00



City of El Paso  
Total Return  
December 1, 2006 - February 28, 2007

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										Investment Income		
CUSIP	Investment #	Fund	Investment Class	Beginning Invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Interest Earned	Adjustment in Value	Net Investment Income
Issuer: WELLS FARGO GOVERNMENT MMF INS												
12828893	506000009	02	Fair Value	5,837,582.28	6,536,390.70	6,982,815.71		5.130	5.145	82,924.69	0.00	82,924.69
12826111	506000010	01	Fair Value	51,874,870.05	47,699,316.86	47,353,902.23		5.130	3.806	447,643.63	0.00	447,643.63
			Subtotal	57,712,452.33	54,235,707.56	54,336,717.94			3.967	530,568.32	0.00	530,568.32
			Total	127,379,574.21	171,384,601.78	214,611,745.56			5.841	2,336,259.43	132,101.06	2,468,360.49
							Components of Return:	Interest:	5.528			
								Amortization:	0.313			
								Market Value:				

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City of El Paso  
Texas Compliance Summary  
Sorted by Investment Class  
December 1, 2006 - February 28, 2007

Investment Class		Par Value	Market Value	Book Value	Accrued Interest
Fair Value	Value beginning 12/01/2006	67,850,094.84	67,811,025.05	67,811,025.05	5,439,885.51
	Net Change	107,338,592.51	107,377,662.30	107,377,662.30	548,861.21
	Value ending 02/28/2007	175,188,687.35	175,188,687.35	175,188,687.35	5,988,746.72
Amortized Cost	Value beginning 12/01/2006	60,000,000.00	59,796,957.15	59,796,957.15	669,459.94
	Net Change	-20,000,000.00	-20,373,898.94	-20,373,898.94	-239,644.45
	Value ending 02/28/2007	40,000,000.00	39,423,058.21	39,423,058.21	429,815.49
Total	Value beginning 12/01/2006	127,850,094.84	127,607,982.20	127,607,982.20	6,109,345.45
	Net Change	87,338,592.51	87,003,763.36	87,003,763.36	309,216.76
	Value ending 02/28/2007	215,188,687.35	214,611,745.56	214,611,745.56	6,418,562.21



City of El Paso  
Texas Compliance Summary  
Sorted by Investment Class  
December 1, 2006 - February 28, 2007

Investment Class		Par Value	Market Value	Book Value	Accrued Interest
Fair Value	Value beginning 12/01/2006	67,850,094.84	67,811,025.05	67,811,025.05	5,439,885.51
	Net Change	107,338,592.51	107,377,662.30	107,377,662.30	548,861.21
	Value ending 02/28/2007	175,188,687.35	175,188,687.35	175,188,687.35	5,988,746.72
Amortized Cost	Value beginning 12/01/2006	60,000,000.00	59,796,957.15	59,796,957.15	669,459.94
	Net Change	-20,000,000.00	-20,373,898.94	-20,373,898.94	-239,644.45
	Value ending 02/28/2007	40,000,000.00	39,423,058.21	39,423,058.21	429,815.49
Total	Value beginning 12/01/2006	127,850,094.84	127,607,982.20	127,607,982.20	6,109,345.45
	Net Change	87,338,592.51	87,003,763.36	87,003,763.36	309,216.76
	Value ending 02/28/2007	215,188,687.35	214,611,745.56	214,611,745.56	6,418,562.21





City of El Paso  
Texas Compliance Details  
Sorted by Investment Class  
February 28, 2007

CUSIP	Investment #	Fund	Issuer	Investment Type	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
<b>Investment Class: Fair Value</b>												
746000749	5010000007	01	Logic Investment Pool	PA1	28,186,895.42			5.280	100.000	08/31/1999	28,186,895.42	28,186,895.42
071031111000	5020000007	01	TEXPOOL Investment Pool	PA1	30,221,777.88			5.280	100.000	05/31/2000	30,221,777.88	30,221,777.88
746000749	5030000007	01	Texstar	PA1	52,320,958.30			5.290	100.000	02/29/2004	52,320,958.30	52,320,958.30
TX0103050001	5010000007	01	MUNICIPAL INVESTORS SVC CORP.	PA1	10,122,337.81			5.330	100.000	01/31/2004	10,122,337.81	10,122,337.81
12828893	5060000009	02	WELLS FARGO GOVERNMENT MMF INS	PA1	6,982,815.71			5.130	100.000	03/09/2005	6,982,815.71	6,982,815.71
12826111	5060000010	01	WELLS FARGO GOVERNMENT MMF INS	PA1	47,353,902.23			5.130	100.000	04/05/2005	47,353,902.23	47,353,902.23
				<b>Subtotal</b>	<b>175,188,687.35</b>						<b>175,188,687.35</b>	<b>175,188,687.35</b>
<b>Investment Class: Amortized Cost</b>												
3133X2P41	511000046	01	Federal Home Loan Bank	FAC	20,000,000.00	06/11/2007		3.280			19,926,262.63	19,926,262.63
313396KY8	510000053	01	Federal National Mortgage Assn	AFD	20,000,000.00	08/28/2007		5.032			19,496,795.58	19,496,795.58
				<b>Subtotal</b>	<b>40,000,000.00</b>						<b>39,423,058.21</b>	<b>39,423,058.21</b>
				<b>Total</b>	<b>215,188,687.35</b>						<b>214,611,745.56</b>	<b>214,611,745.56</b>